

Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 DLOS-09
OES-07 L-03 TRSE-00 OMB-01 H-01 XMB-02 /050 R

DRAFTED BY EB/TCA/MA:CTAYLOR, JR.:EW
APPROVED BY EB/TCA/MA:RKBANK
NEA/IRN - CNAAS
MARAD - RBOURDON
FMC - TCHRISTENSEN
-----009732 230402Z /21
R 222233Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS:EWWT, IR

SUBJECT:SHIPPING DISCRIMINATION: IRANIAN GOVERNMENT
CARGO RESERVATION POLICY

1. DEPARTMENT HAS RECEIVED AUTHORITATIVE INFORMATION THAT
NATIONAL IRANIAN COPPER INDUSTRIES (NICIC) IN JULY ISSUED
INSTRUCTIONS THAT ALL CARGOES FOR NICIC'S SAR CHESHMEH
PROJECT MUST BE SHIPPED ONLY ON VESSELS OF ARYA NATIONAL
SHIPPING LINES AND THAT NICIC WOULD NOT BE RESPONSIBLE FOR
PAYMENT OF FREIGHT CHARGES FOR CARGO SHIPPED ON VESSELS OF
OTHER LINES.

2. DEPARTMENT WOULD APPRECIATE EMBASSY SEEKING CONFIRMATION
OF THIS NICIC POLICY. EMBASSY ALSO REQUESTED TO DETERMINE
WHETHER NICIC POLICY IS RESULT OF BROADER DIRECTIVE FROM
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ANOTHER GOVERNMENT AGENCY OR AUTONOMOUS DECISION BY NICIC.

3. UNLESS EMBASSY BELIEVES INFORMATION DEPARTMENT HAS
RECEIVED TO BE INACCURATE, EMBASSY SHOULD EXPRESS SERIOUS
CONCERN TO APPROPRIATE GOI OFFICIALS OVER THIS CARGO
RESERVATION POLICY AND URGE THAT IT BE CHANGED.

4. FOLLOWING ARE POINTS WHICH EMBASSY SHOULD MAKE TO GOI OFFICIALS:

A) USG RECOGNIZES THAT A DEGREE OF CARGO RESERVATION FOR GOVERNMENT OWNED OR FINANCED CARGOES IS STANDARD INTERNATIONAL PRACTICE. HOWEVER, THE USG IS CONCERNED THAT NICIC POLICY ATTEMPTS TO RESERVE 100 PER CENT OF SUCH CARGO, MAKING NO PROVISION FOR CARRIAGE BY TRADING PARTNERS. (U.S. CARGO PREFERENCE LAWS FOR USG-OWNED OR FINANCED CARGOES GENERALLY RESERVE 50 PER CENT FOR U.S.-FLAG VESSELS, LEAVING THE OTHER HALF FOR THE VESSELS OF THE TRADING PARTNER CONCERNED OR FOR THIRD-FLAG VESSELS.)

B) WE UNDERSTAND THAT GOVERNMENT ENTERPRISES ACCOUNT FOR ROUGHLY 40-50 PER CENT OF IRANIAN ECONOMY. HENCE, RESERVATION OF GOVERNMENT CARGO WOULD HAVE MUCH GREATER IMPACT IN IRAN'S TRADES THAN IN THOSE OF MOST OTHER MARKET ECONOMY NATIONS, AND 100 PER CENT RESERVATION OF SUCH CARGO IN U.S.-IRAN TRADE WOULD DO SERIOUS INJURY TO U.S.-FLAG OPERATORS IN THAT TRADE.

C) IRAN'S SHIPPING LINES BENEFIT FROM PERMISSION GRANTED BY U.S. MARITIME ADMINISTRATION (MARAD) TO CARRY UP TO 50 PER CENT OF CARGOES FINANCED BY U.S. EXIMBANK. MARAD CAN GRANT THIS PERMISSION, HOWEVER, ONLY IF IT IS LIMITED OFFICIAL USE

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SATISFIED THAT THE RECIPIENT GOVERNMENT PROVIDES QUOTE FAIR AND EQUITABLE TREATMENT UNQUOTE FOR U.S.-FLAG SHIPPING. 100 PER CENT CARGO RESERVATION WOULD NOT BE CONSIDERED QUOTE FAIR AND EQUITABLE. UNQUOTE.

5. FOR EMBASSY INFORMATION, PRINCIPAL U.S. CARGO PREFERENCE LAWS APPLICABLE TO CIVILIAN U.S. GOVERNMENT CARGO ARE CARGO PREFERENCE ACT OF 1954 AND PUBLIC RESOLUTION 17. FORMER APPLIES MAINLY TO AID AND PL-480 CARGOES AND REQUIRES THAT 50 PER CENT OF SUCH CARGOES BE CARRIED ON U.S.-FLAG VESSELS. PR 17 REQUIRES THAT EXIMBANK CARGOES BE CARRIED ON U.S.-FLAG VESSELS, EXCEPT THAT MARAD MAY (AND ROUTINELY DOES) GRANT GENERAL WAIVERS ALLOWING RECIPIENT COUNTRY'S VESSELS TO CARRY UP TO 50 PER CENT WHEN IT IS SATISFIED THAT QUOTE FAIR AND EQUITABLE UNQUOTE CONDITIONS NOTED ABOVE EXIST. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISCRIMINATION, CARGO, POLICIES
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE199842
Document Source: CORE
Document Unique ID: 00
Drafter: CTAYLOR, JR.:EW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770303-0724
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770836/aaaabecy.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7e116956-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1524200
Secure: OPEN
Status: NATIVE
Subject: SHIPPING DISCRIMINATION: IRANIAN GOVERNMENT CARGO RESERVATION POLICY
TAGS: EWWT, IR
To: TEHRAN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7e116956-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009